

COINS

Gloom, be gone: Rare coins face a shinier future

By Roger Boye

After more than 18 months of slumping prices for rare coins, some hobby experts believe the market soon might begin to creep upward.

As evidence, they cite slightly better business at local coin stores, somewhat improved auction results and higher attendance at a few coin shows.

"I think we've reached the bottom of the bear market in rare coins," said Walter Perschke, president of Numisco Inc. "Buyer psychology has shifted; the market has gone from total negativism to cautious optimism."

Prices for many rare coins hit records in early 1980 when silver peaked at about \$50 an ounce and gold sold for more than \$840 an ounce. People crammed into coin stores to cash in precious metals and coins, with dealers everywhere doing land-office business.

But metal prices plummeted [in mid-February of 1982, silver sold for \$8.30 an ounce, gold for \$376 an ounce] and so did the rare coin market. Many key-date coins are down 25 percent or more in price from the 1980 highs.

In fact, business was so bad last year that some dealers have started wearing T-shirts reading, "I survived the 1981 coin market."

The worst may be over, however. A spokesman for one of Chicago's largest coin firms says "off-the-street business" has increased in the last few weeks and the market appears to be "a bit stronger." Most in demand are silver dollars made in 1935 or earlier and Washington quarters minted since 1932, reported the dealer from the Rare Coin Co. of America.

Coins at both ends of the price spectrum—the cheapest and the most expensive—have held their values the best, the dealer added. Coins in the middle have gone down most during the slump.

Louis Goldstein of Lucky Lou Coins also noted a slight increase in the number of persons visiting his store. But he says the coin market will continue to stagnate until the economy in general turns around.

Morgan and Peace silver dollars in gem uncirculated condition are a "very bright spot in an otherwise rather stable market," say dealers at a large Ohio company, Paramount Numismatic Corp. The company has identified a trend toward a "positive frame of mind," a change also mentioned by Chicago's Perschke.

"If a collector went to a coin show last October or November," Perschke said, "he'd find that dealers wouldn't even look at coins he had for sale. By January, dealers were not only looking but they were buying."

Despite the slump, rare coins still have proved to be an excellent investment if results are calculated over 10 years. Surveys indicate that the "typical rare coin collection" purchased in 1971 would have more than tripled in value by mid-1981, a return that outperformed the stock market averages, farmland, bonds or even rare stamps.

Experts usually advise investors to plan to hold a coin collection for several years if they want to sell at a profit.

A footnote: When silver sold for \$8.30 an ounce in mid-February—near its lowest price in the last 30 months—some analysts were predicting that the market would begin to go up soon. But Perschke is not so optimistic.

Although he believes the price of gold will bottom out fairly soon—perhaps in the next three months—he says silver "could go sideways through 1983 or even 1984."

The price of silver bullion affects the value of common-date silver coins.

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